

Message Text

LIMITED OFFICIAL USE

PAGE 01 JIDDA 03371 090057Z

72 (53)
ACTION NEA-12

INFO OCT-01 ADP-00 PM-07 MC-02 CIAE-00 INR-10 NSAE-00

RSC-01 DODE-00 RSR-01 /034 W
----- 040516

R 080915Z AUG 73
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 4605

LIMITED OFFICIAL USE JIDDA 3371

C O R R E C T E D C O P Y - INCOMPLETE TEXT

EO 11652: N/A
TAGS: MASS, SA
SUBJ: MODA PURCHASE OF 2-1/2 TON TRUCKS.

REF: DISTENGR RIYADH 071004Z AUG 73

REFTEL BEING REPEATED SECSTATE FOR INFO
QUOTE

DE RUQPRYA #5578 2191435
ZNY EEEEE
P 071004Z AUG AUE
FM DISTENGR RIYADH SA //MDSVE//
TO RUEADWD/DA WASH D C//DALO-ILZ-A//
INFO ZEN/CHUSMTMSA DHAHRAN SA
RUFLAAA/DIVENGR MED LEGHORN IT//MDDVE//
RUEONGA/CDR USA MATL CMD ALEX VA//AMCIL//
RUESRA/AMEMB JIDDA SA
UNCLAS E F T O FOUO 33298
DURHAM SENDS FOR SHADA
SUBJ: MODA PURCHASE OF 2-1/2 TON TRUCKS
A. AMEMB JIDDA MSG 301*0Z JUL 73
B. DA MSG 0 056Z AUG 73

1. THE SAUDI ARABIA DISTRICT IS PREPARING A FACT SHEET ON PRICE
INCREASE OF 2-1/2 TON TRUCKS IN SALES CASES UIL AND UIM FOR USE
BY THE U.S. AMBASSADOR IN EXPLAINING TO HIS ROYAL HIGHNESS THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JIDDA 03371 090057Z

MINISTER OF DEFENSE AND AVIATION, THE REASON FOR THE INCREASE. WE

NEED INFORMATION FROM YOU TO PUT TOGETHER A CONVINCING CASE. TO THIS END I BELIEVE IT WILL BE HELPFUL FOR YOU TO KNOW SOME OF THE ELEMENTS WHICH WILL INFLUENCE THE OUTCOME OF OUR EFFORTS HERE.

2. A MODA COMMITTEE WITHOUT THE PARTICIPATION OF OUR/OPMD STAFF WORKED IN PRIVATE FOR SEVERAL WEEKS DEVELOPING A RECOMMENDATION TO HRH THE MODA ON ALTERNATIVE SOURCES FOR MODA TO OBTAIN TACTICAL WHEELED VEHICLES TO MEET THEIR PROJECTED REQUIREMENTS. HE WAS NOT PRIVY TO THE REPORT HOWEVER WE BELIEVE THE COMMITTEE FAVORED THE PURCHASE OF OTHER THAN M-SERIES VEHICLES FROM A SOURCE OTHER THAN THE US AND SO RECOMMENDED TO HRH. WE KNOW THAT ONE OF THE ELEMENTS CONSIDERED BY THE COMMITTEE WAS RELATIVE COST. AFTER CONSULTATION WITH THE US AMBASSADOR, HRH DECIDED TO PURCHASE NEW M SERIES VEHICLES PRIMARILY, WE BELIEVE, BECAUSE OF THE ADVANTAGES TO THE PROGRAM OF CONTINUED STANDARDIZATION. WE KNOW FOR SURE THAT HRH WAS NOT PLEASED THAT THE FUNDS AVAILABLE WERE INSUFFICIENT TO ENABLE HIM TO BUY ENOUGH NEW M SERIES VEHICLES TO MEET HIS TOTAL REQUIREMENTS. CONSEQUENTLY, WE CAN ANTICIPATE THAT HRH IS GOING TO BE GREATLY DISAPPOINTED AT THE LARGE INCREASE IN THE COST OF THE 2-1/2 TON TRUCKS.

3. SEVERAL OPTIONS ARE OPEN TO HRH. HE MAY REFER THE MATTER BACK TO THE COMMITTEE AND ASK FOR THEIR ADVICE.

FROM OUR POINT OF VIEW THIS IS THE LEAST DESIRABLE AND COULD JEOPARDIZE THE ENTIRE PROCUREMENT. HE MAY ACCEPT THE INCREASED COST AND TO STAY WITHIN THE BUDGET CEILING REDUCE THE NUMBER OF 2-1/2 TON VEHICLES OR TO MAINTAIN A BALANCED BUY REDUCE THE NUMBER OF ALL TYPES. HE MAY ATTEMPT TO OBTAIN MORE MONEY TO COVER THE COST INCREASE. WE BELIEVE HE MIGHT PURSUE THIS LATTER COURSE OF ACTION IF PROVIDED WITH A CONVINCING EXPLANATION ON WHICH HE COULD BE BASE A REQUEST FOR ADDITIONAL FUNDS. THE EXPLANATION WILL HAVE TO STAND THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JIDDA 03371 090057Z

SCRUTINY OF THE COMMITTEE WHO WE BELIEVE OPPOSED THE PROCUREMENT IN THE FIRST PLACE AND THE MINISTRY OF FINANCE WHICH ROUTINELY OPPOSES ANY BUDGET INCREASE. WE BELIEVE THAT TO BE CONVINCING THE CIRCUMSTANCES LEADING UP TO THE INCREASE MUST BE EXPLAINED, THE PRICE INCREASE BROKEN DOWN INTO INCREMENTS, AND EACH INCREMENT EXPLAINED AND JUSTIFIED, I.E., XX PERCENT ATTRIBUTABLE TO INCREASE IN MARKET PRICE OF MATERIALS; XX PERCENT DUE TO INCREASED LABOR COSTS, ETC. IT IS HOPEFUL THAT IF PRESENTED COMPLETELY

AND CLEARLY, HRH WILL ACCEPT THE PRICE INCREASE AS UNAVOIDABLE
AND FIND IN OUR EXPLANATION ADEQUATE JUSTIFICATION FOR
ADDITIONAL FUNDS TO COVER THE COST INCREASE.

4. IT IS REQUESTED THAT YOU PROVIDE US THE FOLLOWING SPECIFIC
INFORMATION IN ADDITION TO THAT WHICH YOU BELIEVE WILL BE HELPPFUL.

A. WHAT PERCENTAGE OF THE INCREASE IN PRICE IS ATTRIBUTABLE
TO SHUT DOWN AND START UP COSTS?

B. WHAT IS THE COST PER VEHICLE OF THE ENGINE MODIFICATION TO
MEET CLEAN AIR STANDARDS?

C. CAN THE ENGINE MODIFICATIONS TO MEET AIR STANDARDS
BE OMITTED AND THE PRICE REDUCED ACCORFENGLY?

D. WHAT PERCENTAGE OF THE INCREASE IN PRICE IS
ATTRIBUTABLE TO ENGIZJP FPG CHANGES AND IMPROVEMENTS.

E. WHY WAS THE BID COST SO MUCH GREATER THAN THE
ESTIMATED COST?

5. A COPY OF THE CONTRACT WOULD BE HELPFUL IN DEMONSTRATING
THE FACTS THAT THE CONTRACT WAS LET LONG AFTER THE LETTERS
OF OFFER WERE PREPARED AND THE US ARMY IS GOING TO BE PAYING
THE SAME PRICE FOR THE VEHICLES.

6. THE PROBLEMS WE HAVE ENCOUNTERED IN THE 2-1/2 TON
PROCUREMENT IS SURE TO GIVE THE SAA CAUSE TO WORRY OVER
THE PRICES QUOTED ON THE M 800 SERIES TRUCKS. IF MODA
ACCEPTS THE PRICE INCREASE ON THE 2-1/2 TON TRUCKS AND IS

STILL WILLING TGGBUY THE M 800 SERIES, A PRICA INCREASE
ON M800 SERIES AS GREAT AS THE 2-1/2 TON TRUCKS WOULD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 JIDDA 03371 090057Z

SERIOUSLY DAMAGE OUR CREDITABILITY.

7. WE BELIEVE A QUICK SETTLEMENT OF THIS ISSUE IS
IMPORTANT AND WOULD APPRECIATE YOUR TIMELY ADVICE.
UNQUOTE.

DECONTROL UPON RECEIPT.
THACHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973JIDDA03371
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730851/aaaablmt.tel
Line Count: 161
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: DISTENGR RIYADH 071004Z AUG 73
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 07 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Jan-2002 by kelleyw0>; APPROVED <23-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MODA PURCHASE OF 2-1/2 TON TRUCKS.
TAGS: MASS, SA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005